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RESIMAC GROUP LTD

# 1H24 Results Presentation

Scott McWilliam, CEO







# 1H24 highlights.

**Normalised NPAT<sup>1,2,3</sup>**  
**\$26.0m**

**Statutory NPAT<sup>2</sup>**  
**\$20.3m**

**Return on equity<sup>1,2</sup>**  
 (Normalised NPAT)  
**12.5%**

**Cost to income ratio<sup>3</sup>**  
 (Normalised)  
**48.8%**

**Home loan AUM**  
**\$12.5b**

**Asset Finance AUM**  
**\$1.0b**

**Home loan settlements**  
**\$2.0b**

**Asset Finance settlements<sup>4</sup>**  
**\$0.4b**

**1H24 dividend fully franked**  
**3.5c**

1 Excludes one-off item per reconciliation on slide 20.  
 2 Excludes non-controlling interest.  
 3 Excludes FV gains/losses on derivatives.  
 4 Excludes acquisition of the Thorn portfolio.



# 1H24

# performance highlights.

## ✔ Growth in Asset Finance

AUM grew to \$1b with 1H24 settlements of \$0.4b, growth driven by the new digital originations platform and increased broker penetration. Strong momentum heading into 2H24.

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## ✔ Home loan AUM on track for growth in 2H24

1H24 settlements up 54% vs 2H23. Q2 settlements increased 50% vs Q1, and Q2 applications were up 46% vs Q1 providing a strong pipeline for AUM growth in 2H24.

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## ✔ Operational efficiency

Strong cost discipline driven by improved productivity and optimising our technology investments. Opex down 10.5% vs 1H23.

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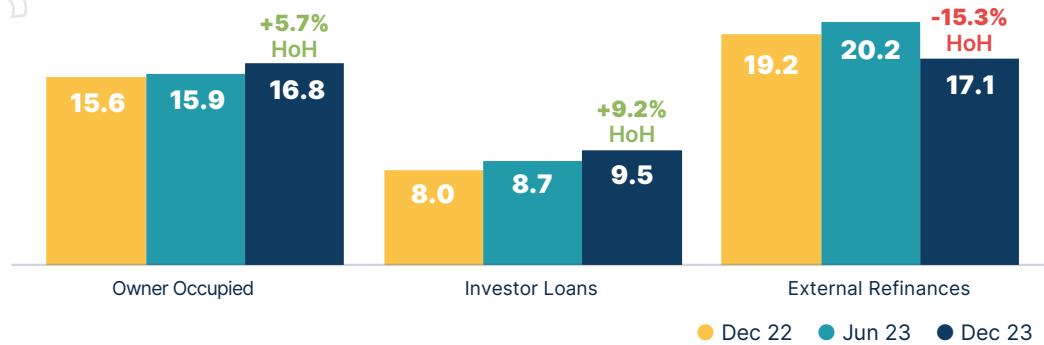
## ✔ Digital transformation

Continued to roll out new technology, including a treasury management system, a new asset finance originations platform to our broker partners, and a mobile app for our home loan customers.

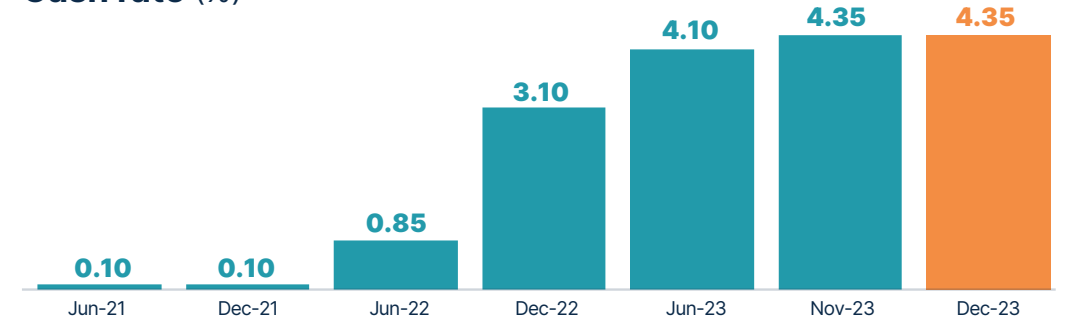
# Economic environment.

Owner occupied and investor housing credit activity increasing with competition from major banks moderating.

## Housing credit (\$b)<sup>1,2</sup>



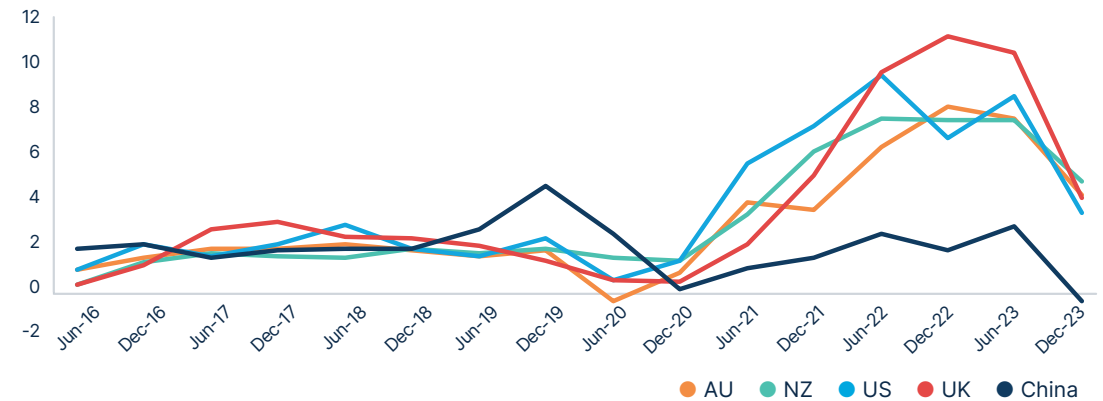
## Cash rate (%)



## Underlying property values remain resilient<sup>3</sup>

INDEXED 31 DECEMBER 2023	CHANGE IN DWELLING VALUES		
	MONTH	QUARTER	ANNUAL
Sydney	0.2%	0.8%	11.1%
Melbourne	-0.3%	-0.2%	3.5%
Brisbane	1.0%	3.7%	13.1%
Adelaide	1.3%	3.7%	8.8%
Perth	1.5%	5.1%	15.2%
Combined Capitals	0.4%	1.5%	9.3%
Combined Regional	0.3%	1.5%	4.4%
<b>National</b>	<b>0.4%</b>	<b>1.5%</b>	<b>8.1%</b>

## Core inflation (%)



1 ABS Lending Indicators December 2023, value of new borrower accepted loan commitments.

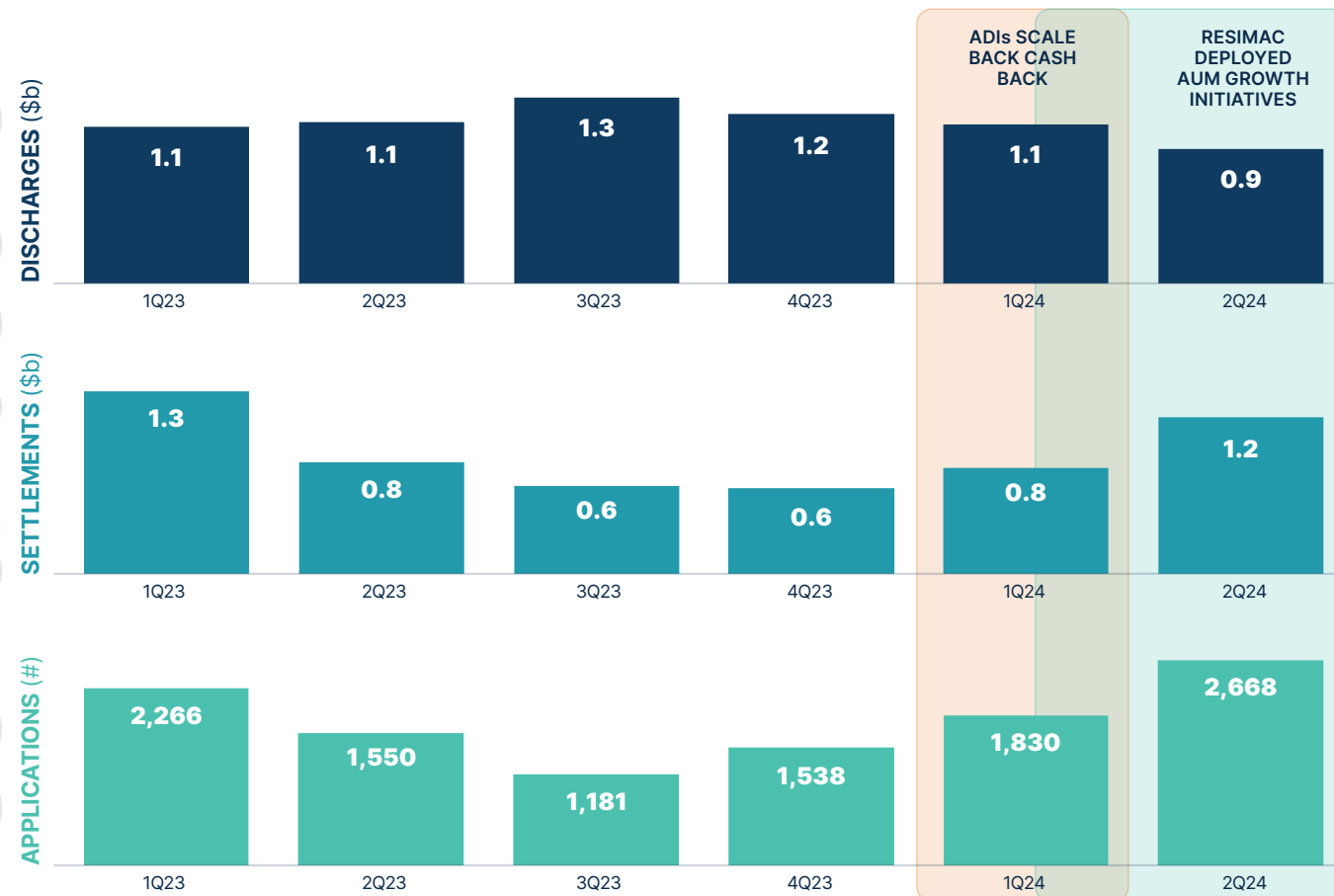
2 ABS Lending Indicators December 2023, External Refinancing values.

3 CoreLogic Hedonic Home Value Index, released 31 December 2023.



# Resimac settlements building and discharges slowing.

Australian home loan business shifts to AUM growth initiatives.



## Timeline

End of cash back refinance offers with ADIs.

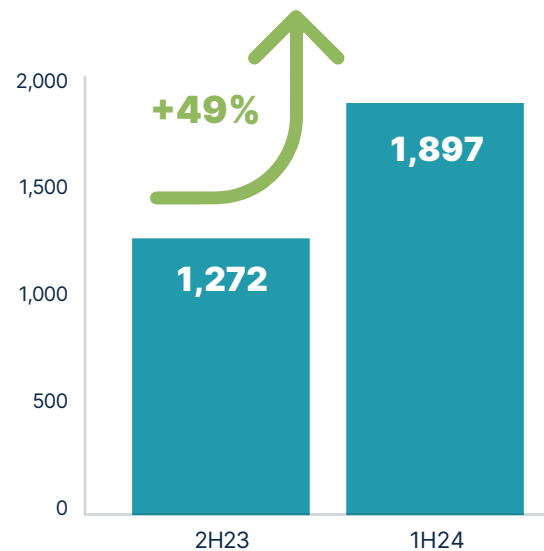
- **1 June 2023**  
CBA cashback offer ends.
- **2 June 2023**  
Suncorp cashback offer ends.
- **30 June 2023**  
Westpac, NAB and ING ends cashback offer.
- **26 August 2023**  
ANZ halves cashback offer from \$4K to \$2K.

# Wider broker distribution converting to applications.

Home loan growth sourced from a more diversified broker base converting to more applications.

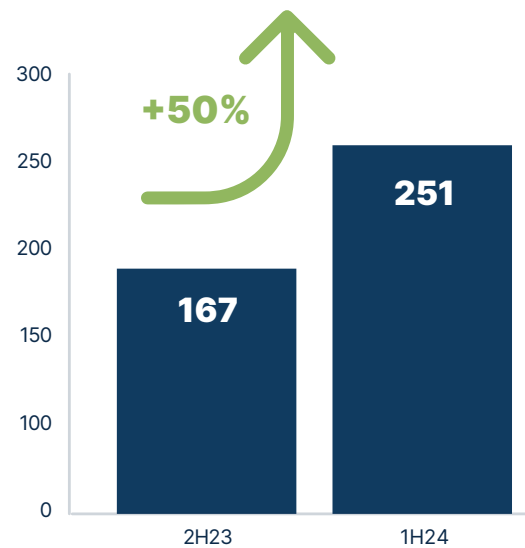
## Active brokers

The number of brokers submitting applications.



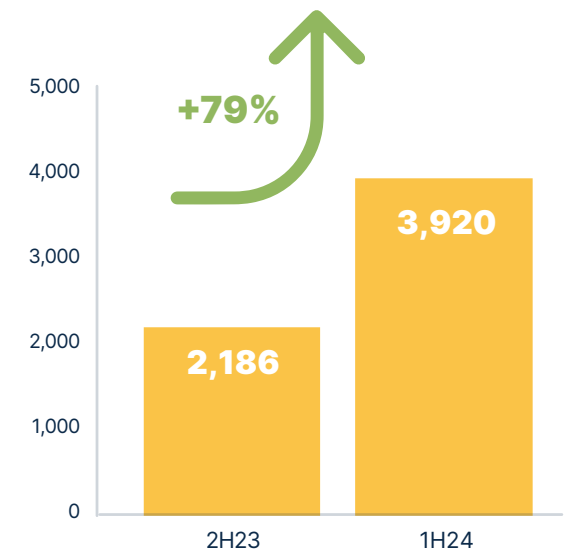
## New broker applications

New brokers submitting their first application.



## Home loan applications

Application volumes for home loans half on half growth.

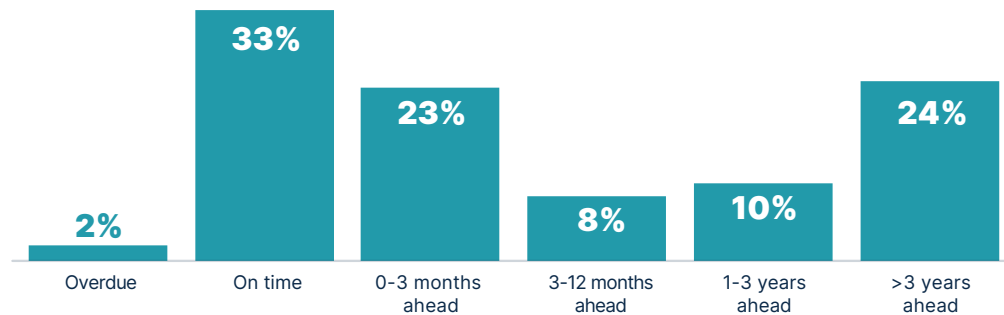


# Portfolio resilience.

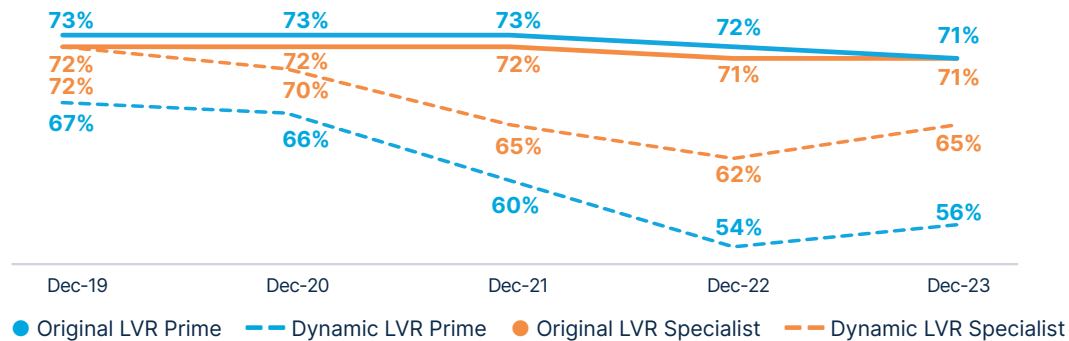
Risk of credit loss remains low, supported by stabilising arrears, strong payment buffers and borrowers equity.

## Repayment buffers<sup>1,2</sup>

% of loans



## Original and dynamic LVRs<sup>2,3,4</sup>



1 Overdue includes loans 31+ days in arrears.

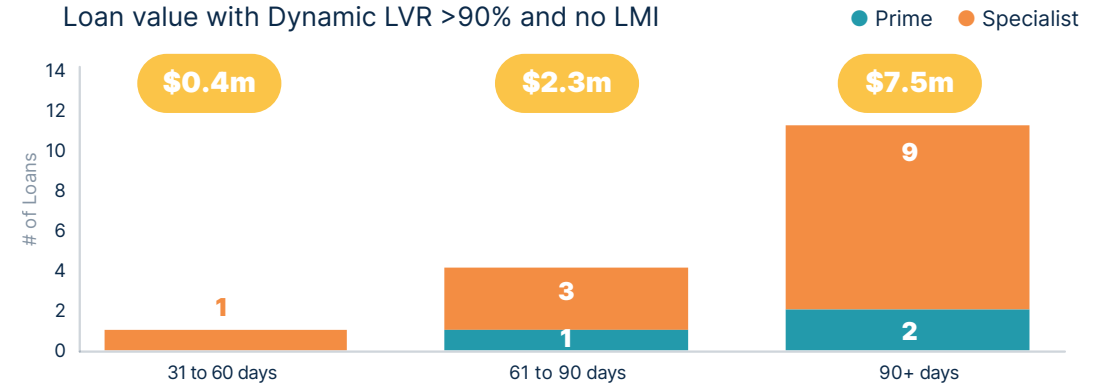
2 Excludes NZ.

3 Dynamic LVR = LVR based on current loan balance and 31 December 2023 CoreLogic individual property valuations.

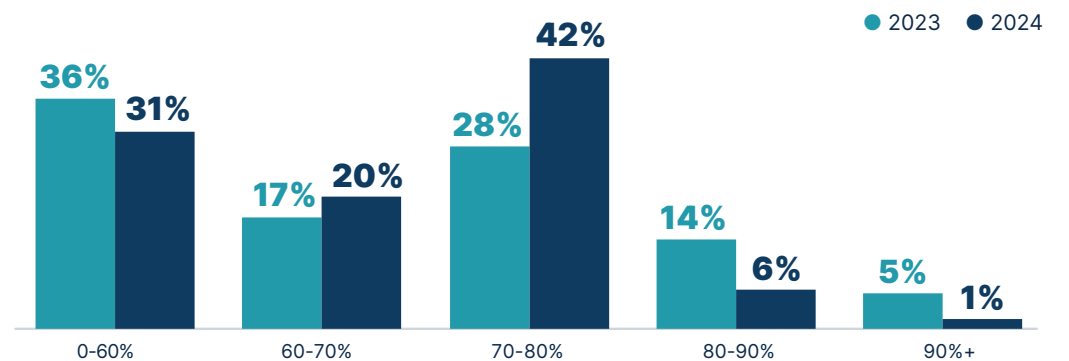
4 Original LVR = LVR based on original loan amount and property valuation at settlement.

## Credit loss exposure based on arrears<sup>3</sup>

Loan value with Dynamic LVR >90% and no LMI



## Dynamic LVR of originations<sup>2,3</sup> by settlement fiscal year

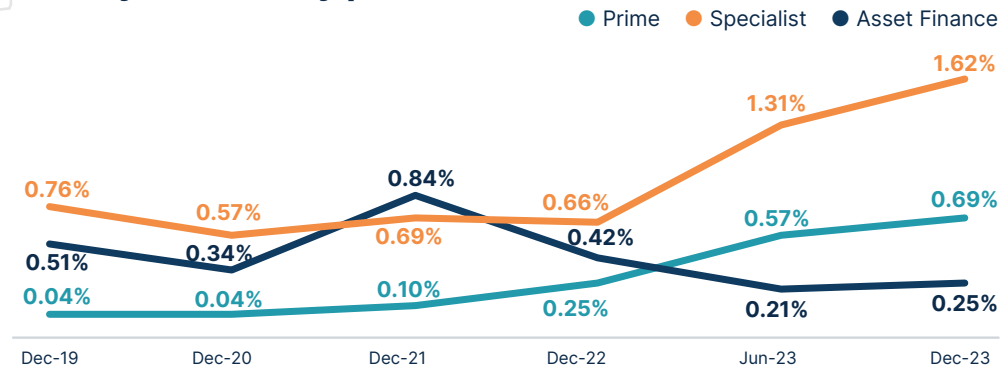




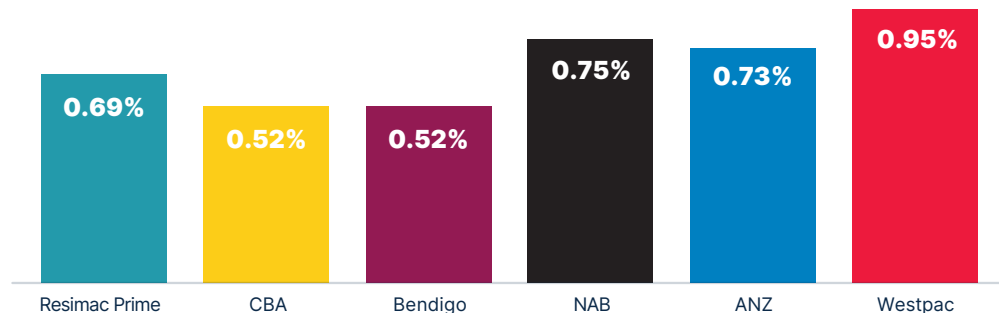
# Portfolio arrears.

Arrears trending inline with industry however, portfolio quality is sound and remains conservatively provisioned.

## 90+ days arrears by product



## 90+ days arrears prime home loan peer comparison<sup>1</sup>



<sup>1</sup> Graph based on latest results and trading updates for period ending 31 December 2023.

## SPECIFIC PROVISIONS \$m

	JUN-21	DEC-21	JUN-22	DEC-22	JUN-23	DEC-23
Prime	0.4	0.7	0.9	0.4	0.3	0.3
Specialist	3.0	3.1	1.5	1.2	0.7	0.7
Legacy (incl. RHG)	1.8	1.2	1.8	0.9	0.7	0.7
Other (incl. NZ)	0.2	0.1	0.0	0.0	0.1	0.1
Resimac Asset Finance	0.0	0.1	0.2	0.5	0.7	1.4
<b>Total specific provisions</b>	<b>5.4</b>	<b>5.2</b>	<b>4.4</b>	<b>3.0</b>	<b>2.5</b>	<b>3.2</b>
<b>Provisions / AUM (bps)</b>	<b>4bps</b>	<b>3bps</b>	<b>3bps</b>	<b>2bps</b>	<b>1bps</b>	<b>1bps</b>

## COLLECTIVE PROVISIONS \$m

Prime	9.3	8.7	8.3	8.3	9.7	11.0
Specialist	19.2	21.0	29.1	29.1	27.7	25.8
Legacy (incl. RHG)	1.9	2.2	1.9	1.9	1.9	1.9
Other (incl. NZ)	1.7	1.7	1.3	1.3	1.3	1.3
Resimac Asset Finance	0.4	0.4	2.1	2.3	2.7	4.3
<b>Total collective provisions</b>	<b>32.5</b>	<b>34.0</b>	<b>42.7</b>	<b>42.9</b>	<b>43.3</b>	<b>44.3</b>
<b>Provisions / AUM (bps)</b>	<b>23bps</b>	<b>23bps</b>	<b>27bps</b>	<b>28bps</b>	<b>31bps</b>	<b>33bps</b>
<b>TOTAL PROVISIONS</b>	<b>36.2</b>	<b>39.2</b>	<b>47.1</b>	<b>45.9</b>	<b>45.8</b>	<b>47.5</b>
<b>Portfolio coverage (bps)</b>	<b>27bps</b>	<b>26bps</b>	<b>30bps</b>	<b>30bps</b>	<b>33bps</b>	<b>35bps</b>

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# Performance highlights.

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# Financial results summary.

	1H24	1H23	2H23	CHANGE 1H24 vs 1H23	CHANGE 1H24 vs 2H23
<b>FINANCIAL PERFORMANCE</b>					
NPAT (normalised) <sup>1</sup> (excl. FV gains/losses on derivatives)	\$26.0m	\$40.7m	\$33.0m	(\$14.7m)	(\$7.0m)
Cost to income ratio (normalised) <sup>1</sup>	48.8%	42.2%	45.2%	(660bps)	(360bps)
Net interest income (NII)	\$92.5m	\$117.2m	\$105.3m	(\$24.7m)	(\$12.8m)
Operating expenses	(\$38.5m)	(\$43.0m)	(\$40.9m)	\$4.5m	\$2.4m
Loan impairment expense	(\$3.0m)	(\$0.6m)	(\$1.6m)	(\$2.4m)	(\$1.4m)
Return on equity (normalised NPAT) <sup>2</sup>	12.5%	20.8%	16.1%	(830)bps	(360)bps
Fully franked dividend	3.5c	4.0c	4.0c	0.5c	0.5c

Normalised NPAT excl. FV losses on derivatives

**\$26.0m**

Cost to income ratio

**48.8%**

Driven by strong 1H24 expense discipline, however offset by lower AUM and net interest income

Fully franked dividend with strong yield

**3.5c** per share

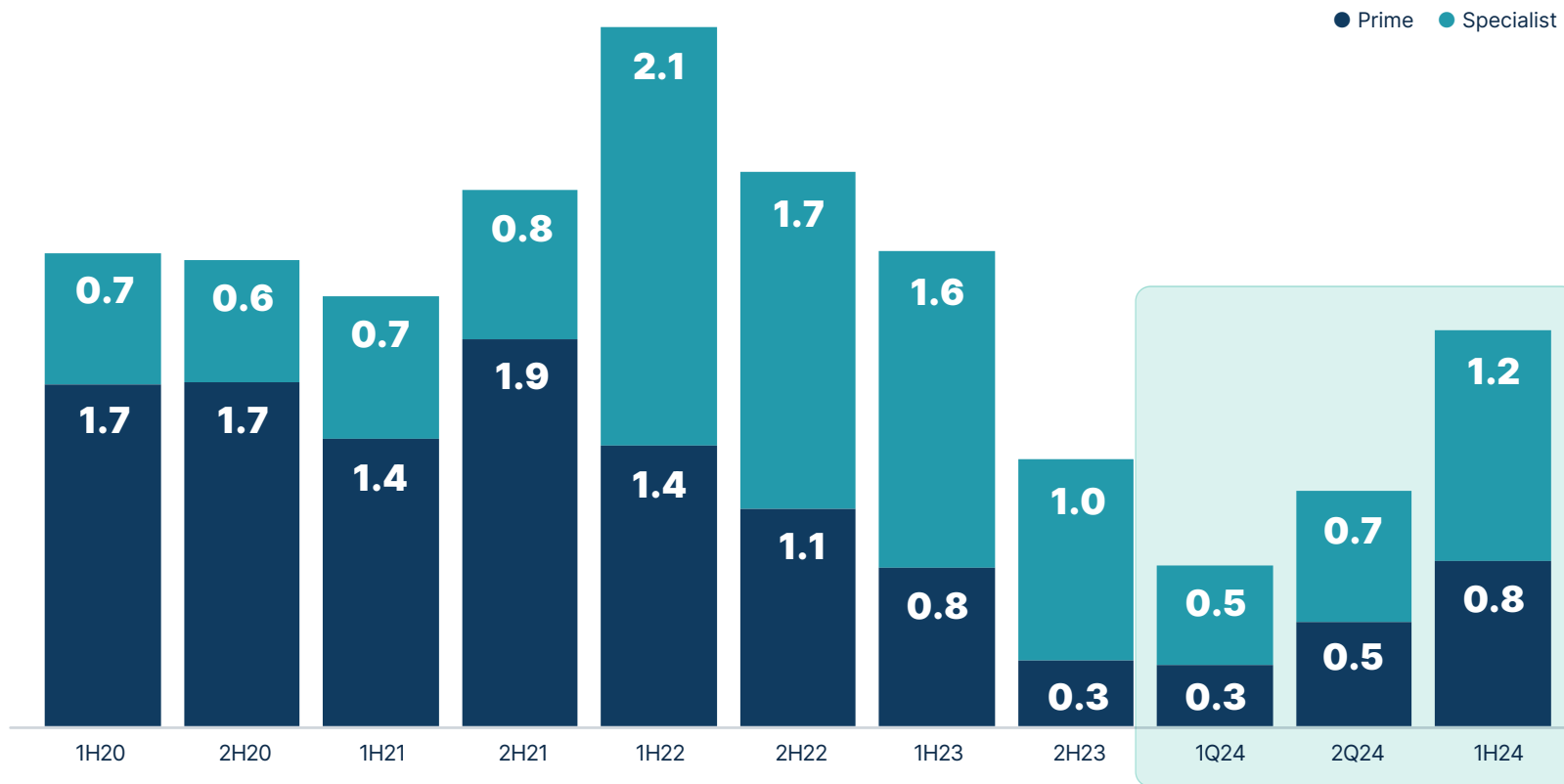
<sup>1</sup> Normalised NPAT excl. FV gains/losses on derivatives.

<sup>2</sup> Normalised NPAT (excl. FV gains/losses on derivatives)/average 1H24 shareholders equity.



# Home loan settlements increased 1H24 vs 2H23.

Home loan settlements (\$b)



1H24 home loan settlements

**\$2.0b**

vs 2H23 \$1.3b

2Q24 home loan settlements

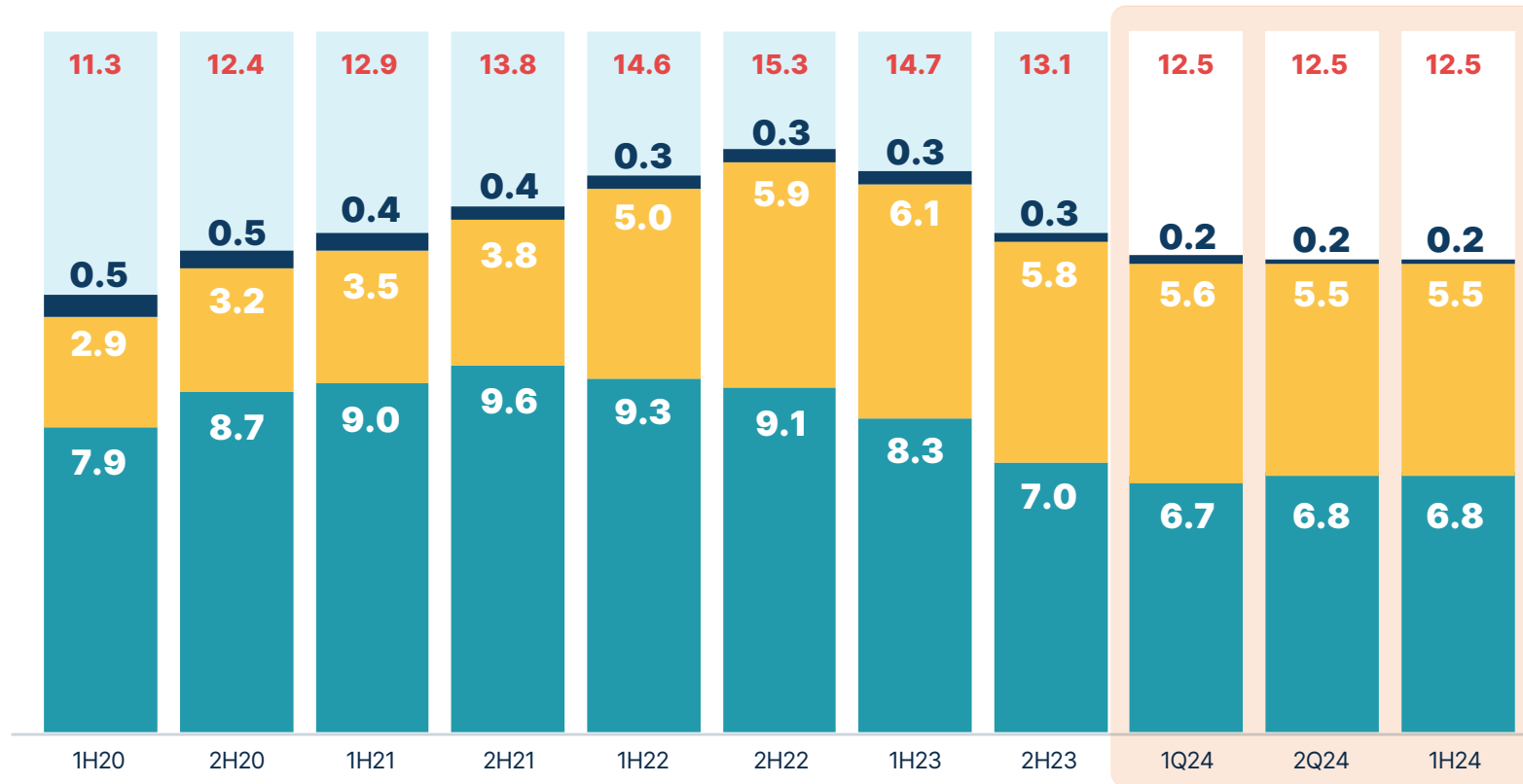
**\$1.2b**

vs 1Q24 \$0.8b

# Home loan AUM.

Home loan AUM (\$b)

● Prime ● Specialist ● Other



Australian home loan  
AUM grew in  
**2Q24**

1H24 home  
loan AUM  
**\$12.5b**

1H24 vs 2H23  
decreased

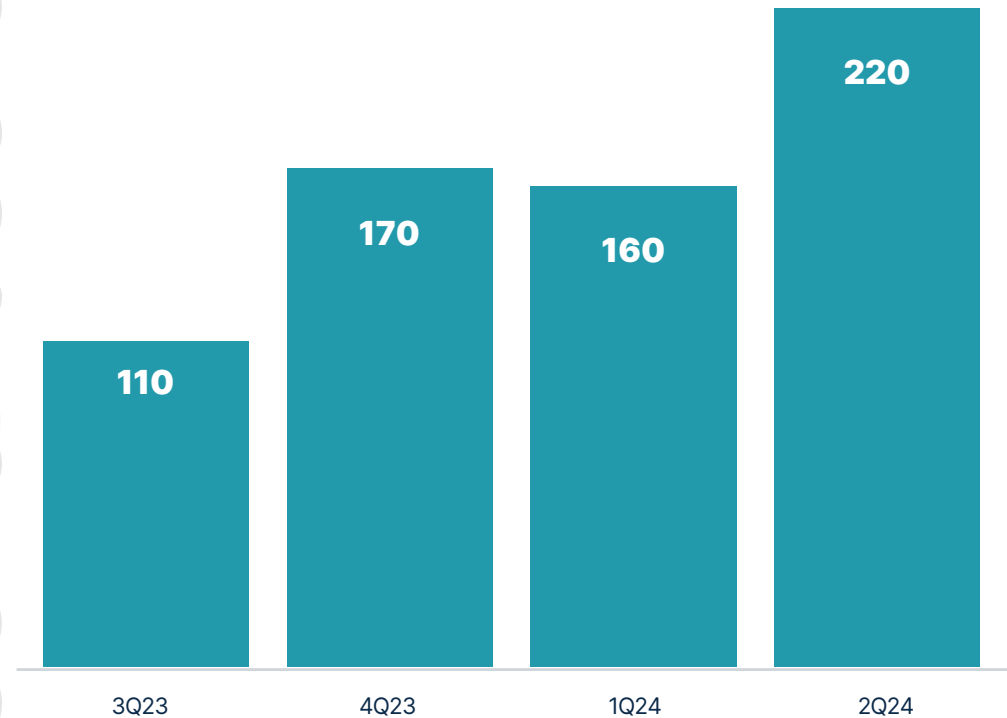
**5%**

in a 6 month period

# Strong momentum in asset finance.

Record asset finance settlements in 2Q24.

Asset finance settlements (\$m)



1H24 asset finance settlements

**\$0.4b**

1H24 settlements increased

**36%**

vs 2H23

2Q24 settlements increased

**38%**

vs 1Q24

2Q24 application increased

**27%**

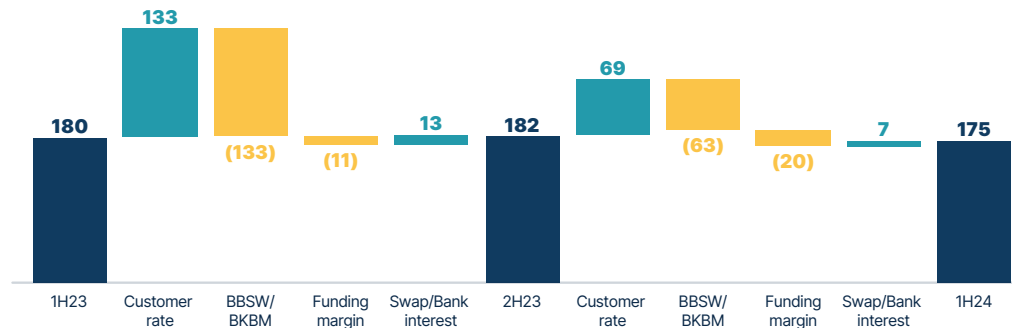
vs 1Q24



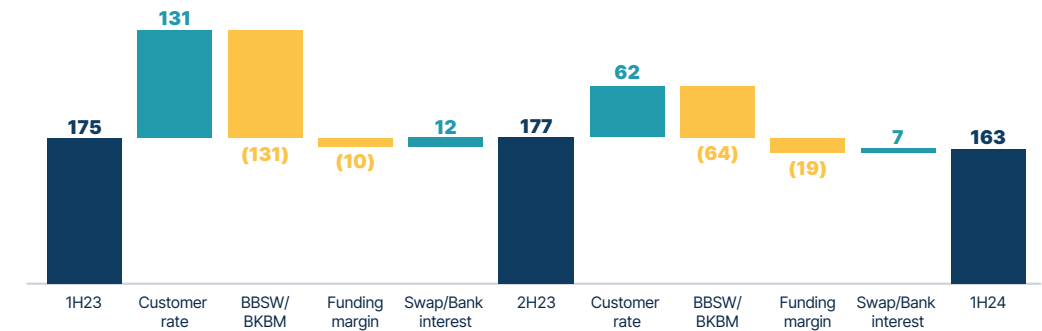
# Portfolio margin.

- **Group margin** - down 7 bps driven by higher home loans cost of funds partly offset by higher asset finance margin.
- **Home loan margin** - down 14 bps driven by higher cost of funds and lower new business margin in line with AUM growth strategy.
- **Asset finance margin** - up 52 bps driven by higher new business margin and runoff of lower margin portfolio.

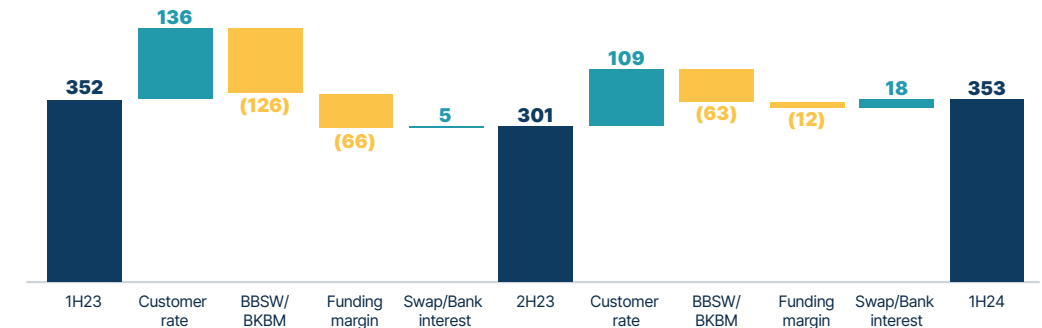
Group net interest margin<sup>1</sup> (bps)



Home loan net interest margin<sup>1</sup> (bps)



Asset finance net interest margin<sup>1</sup> (bps)

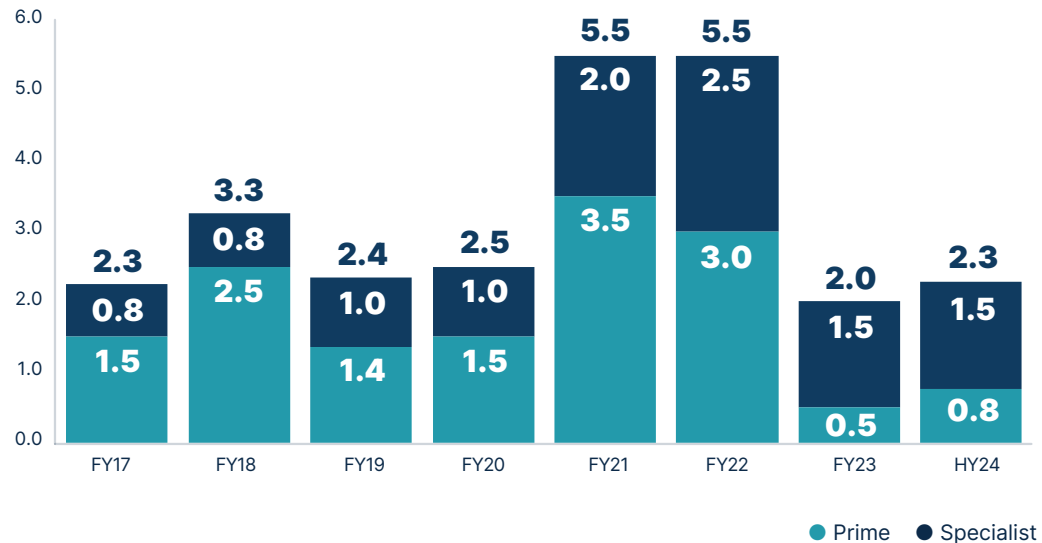


<sup>1</sup> Net interest margin excludes broker commissions, risk fee income and capital finance charges.

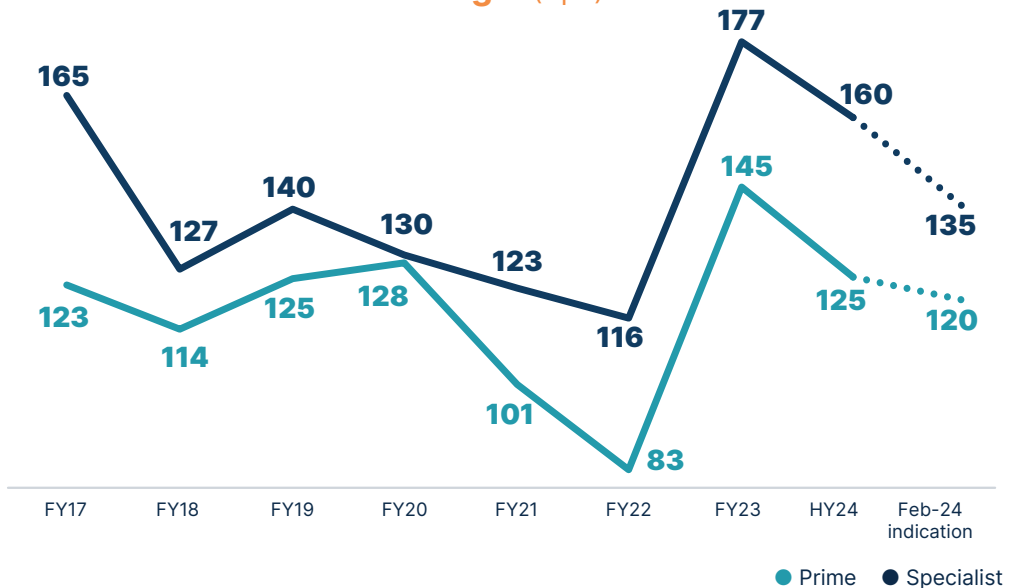
# Funding.

- The Group continued to issue significant volume in RMBS in 1H24 (**\$2.3b** across Australia and New Zealand).
- **\$750m** Prime RMBS deal priced in August 2023 at 125bps senior margin.
- **\$1.5b** Specialist RMBS deal priced in September 2023 at 160bps senior margin.
- Market conditions trending favourably, spreads continue to tighten.

Australia RMBS issuance term profile (\$b)

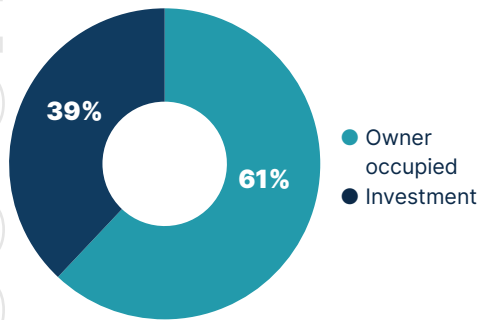


Australia RMBS senior margin (bps)

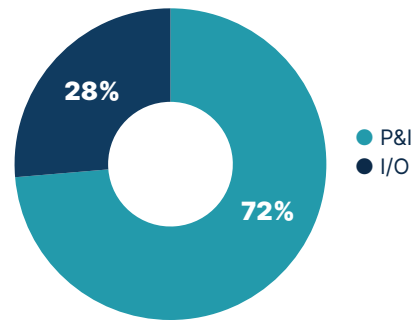


# Home loan portfolio composition.

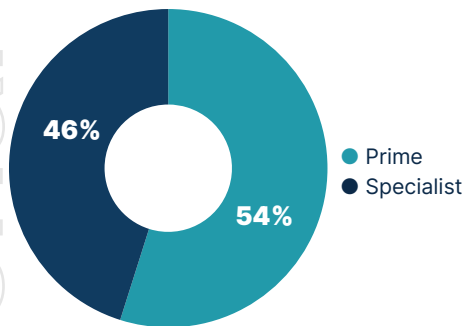
## Loan type



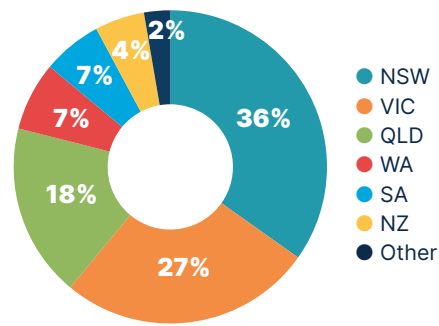
## Repayment type



## Product type



## Geographic location



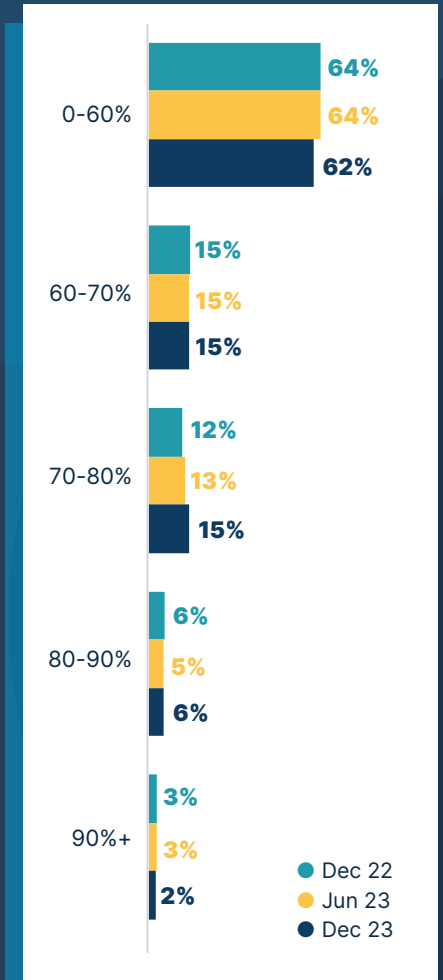
## Weighted average portfolio LVR<sup>1,3</sup>

Prime **63.3%** Specialist **66.3%**

## Weighted average portfolio dynamic LVR<sup>2,3</sup>

Prime **56.5%** Specialist **64.7%**

## Dynamic LVR bands<sup>2,3</sup> % of total portfolio accounts



1 LVR based on current loan balance and original valuation amount.

2 Dynamic LVR = LVR based on current loan balance and corresponding CoreLogic individual property valuations.

3 Excludes NZ & Legacy loan products.

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# **Strategic focus and outlook.**

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# Key focus areas & CY24 outlook.



## Competitive landscape

Normalisation in the prime home loan market as banks refocus on NIM management through sustainable pricing.



## Capital markets

Banks very active in wholesale funding markets normalising dynamics. The start of 2H24 has seen COF reduce driven by demand for bonds from domestic and offshore investors.



## Home loan AUM

After switching to an AUM growth strategy in 1H24, our focus is to grow AUM across niche prime and specialist including releasing new products in CY24.



## Interest rates

Cash Rate outlook more favourable to NIM and portfolio performance. Possible cash rate reductions will also benefit confidence in the new lending market.



## Operational efficiency

Process redesign and investment in operational efficiency technologies remains a priority.



## Asset Finance growth

Building on the strong growth in 1H24 and continued investment in our systems and CX, growing our asset finance AUM above system remains a key priority.



## Funding and capital

Broad and diverse support from domestic and offshore banks for warehouse facilities with more than sufficient appetite to meet AUM growth objectives. Debt and working capital buffers are well positioned for portfolio growth.



## Digitalisation

Optimising recent investment in our new platforms as well as investing in new technologies that support AUM growth, operational efficiency and an improved customer experience.

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**Financial  
results.**

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# Consolidated statement of profit or loss (\$m)

for the period ended  
31 December 2023

	HY24	HY23
Interest income	504.7	419.4
Interest expense	(412.2)	(302.2)
<b>Net interest income</b>	<b>92.5</b>	<b>117.2</b>
Fee and commission income	2.6	1.1
Fee and commission expense	(16.7)	(16.8)
Fair value gains on derivatives	0.4	-
Fair value losses on derivatives	(8.8)	(4.5)
Fair value write-down on unlisted equity investment	-	(3.6)
Other income	0.9	6.0
Employee benefits expense	(24.8)	(26.1)
Other expenses	(13.7)	(16.8)
Loan impairment expense	(3.0)	(0.6)
<b>Profit before tax</b>	<b>29.4</b>	<b>55.9</b>
Income tax expense	(9.0)	(17.0)
<b>PROFIT AFTER TAX</b>	<b>20.4</b>	<b>38.9</b>

## Reconciliation of statutory NPAT to normalised NPAT

<b>NPAT attributable to parent (statutory)<sup>1</sup></b>	<b>20.3</b>	<b>38.9</b>
Dividend income from listed equity investments	(0.2)	(5.2)
Fair value write-down on unlisted equity investment	-	3.6
Customer fee remediation program	-	(0.4)
Tax effect of normalised items	-	0.6
<b>NPAT attributable to parent (normalised)</b>	<b>20.1</b>	<b>37.5</b>
Fair value losses/(gains) on derivatives - IRS and OIS	8.4	4.5
Tax effect	(2.5)	(1.3)
<b>Normalised NPAT (excl. FV losses/(gains) on derivatives)</b>	<b>26.0</b>	<b>40.7</b>

1 Excludes \$0.1m non-controlling interest.

# Consolidated statement of financial position (\$m)

as at 31 December 2023

	31-Dec-23	30-Jun-23
● Assets ● Liabilities ● Equity		
Cash and bank balances	1,080.0	1,085.4
Trade and other receivables	5.5	3.5
Loans and advances to customers	13,458.7	13,735.6
Other assets	22.6	28.0
Other financial assets	30.2	28.6
Derivative financial assets	6.8	25.2
Right-of-use assets	6.4	7.3
Intangible assets	28.4	28.4
<b>TOTAL ASSETS</b>	<b>14,638.6</b>	<b>14,942.0</b>
Trade and other payables	25.7	27.1
Interest-bearing liabilities	14,110.9	14,471.1
Other financial liabilities	5.1	6.9
Derivative financial liabilities	67.1	0.4
Lease liabilities	8.3	9.4
Other liabilities	0.5	4.4
Provisions	5.5	7.3
<b>TOTAL LIABILITIES</b>	<b>14,223.1</b>	<b>14,526.6</b>
<b>Net assets</b>	<b>415.5</b>	<b>415.4</b>
Share capital	173.4	173.5
Reverse acquisition reserve	(61.5)	(61.5)
<b>Total issued capital</b>	<b>111.9</b>	<b>112.0</b>
Reserves	(23.7)	(19.6)
Retained earnings	327.1	322.9
<b>Equity attributable to owners of the parent</b>	<b>415.3</b>	<b>415.3</b>
Non-controlling interest	0.2	0.1
<b>TOTAL EQUITY</b>	<b>415.5</b>	<b>415.4</b>

Cash reconciliation (\$m)	31-Dec-23	30-Jun-23
Cash at bank and on hand	18.8	22.7
Cash collections account	1,061.2	1,062.7
<b>Cash at bank</b>	<b>1,080.0</b>	<b>1,085.4</b>

# Consolidated statement of cash flows (\$m)

for the period ended 31 December 2023

	HY24	HY23
● Operating activities ● Investing activities ● Financing activities		
Interest received	511.5	409.1
Interest paid	(410.7)	(280.5)
Receipts from loan fees and other income	12.4	16.2
Payments to suppliers and employees	(84.0)	(91.3)
Receipts of net loans from borrowers	411.5	576.8
Income tax paid	(8.9)	(26.3)
<b>Net cash from operating activities</b>	<b>431.8</b>	<b>604.0</b>
Payment for plant and equipment	-	(0.1)
Payment for acquisition of loan portfolio / subsidiary	(14.8)	(0.9)
Cash acquired on acquisition of loan portfolio / subsidiary	6.8	0.2
Payment for new investments	(2.0)	-
Return of capital from listed equity investment	-	1.6
Dividend income from listed equity investment	0.2	3.6
<b>Net cash used in investment activities</b>	<b>(9.8)</b>	<b>4.4</b>
Proceeds from borrowings	5,164.4	3,305.3
Repayment of borrowings	(5,582.9)	(3,660.2)
Proceeds from exercise of options	0.5	0.5
Payment of lease liabilities	(1.0)	(0.8)
Swap receipts	8.6	5.3
Payment of dividends	(16.0)	(16.1)
Net loan to related entity	-	(12.0)
Payment for share buybacks	(1.5)	(2.9)
<b>Net cash used in financing activities</b>	<b>(427.9)</b>	<b>(380.9)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(5.9)</b>	<b>227.5</b>
Cash and cash equivalents at the beginning of the financial year	1,085.4	932.8
Effects of exchange rate changes on cash balances held in foreign currencies	0.5	0.7
<b>Cash and cash equivalents at the end of the period</b>	<b>1,080.0</b>	<b>1,161.0</b>

# Scott McWilliam

CEO

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Scott is responsible for managing the overall operations of the organisation, its people and resources, and ensures the implementation of the strategy agreed with the Board.

Scott has over 25 years experience in the financial services sector. This includes holding senior roles in debt capital markets for Deutsche Bank in both London and Sydney, and with Citibank.

Scott has been with the Resimac Group since 2004, initially as Head of Funding and Investments at Homeloans, followed by Chief Operating Officer and then CEO since 2013.

[scott.mcwilliam@resimac.com.au](mailto:scott.mcwilliam@resimac.com.au)





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# Environmental, social and governance

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# Environmental, social & governance.

As an Australian ASX Listed entity providing funding for a number of Australian and New Zealand communities, Resimac is focused on integrating sustainability into all aspects of our business.

Resimac acknowledges that responsible business practices have far-reaching impacts and our approach to ESG is a key factor for many customers, investors, shareholders employees and suppliers. As a business, we continue to further imbed ESG into our operations with sustainable and ethical principles. We believe it is important that our people have ownership of our ESG initiatives. This is why we have a people-run Environmental, Social and Governance Committee with representation from all functions across the business.



The ESG Committee has strategically aligned its focus areas with the United Nations Sustainable Development Goals, concentrating on fostering **Good Health and Wellbeing, Quality Education, and Climate Action**. In addition to these focus areas, we actively integrate gender equality and the reduction of inequalities into the fabric of our daily operations. Our sustainable development goals and initiatives are detailed in the ESG Framework available on our website.





# Our ESG purpose.

Resimac's overarching Environmental, Social and Governance (ESG) purpose comprises the following key pillars:

## Passion

We understand that it is our duty to incorporate sustainability into the fabric of our organisation, ensuring we can drive action that benefits our people, customers, business partners, investors, shareholders, and the community.

## Inclusion

We recognise that, no matter how small, we must all play our part. By understanding our emissions impact and encouraging our people to engage in volunteer initiatives, we can achieve meaningful change in our communities, countries and within our global network.

## Accountability

We acknowledge that it is our responsibility to ensure that the services we deliver are ethical and sustainable. We are on a journey of continuous improvement to enhance our governance processes, refine data collection methods and regularly assess our supply chain to align with vendors who share our commitment to these principles.

# Environmental.

In conducting our business, we consider environmental factors such as climate change, energy efficiency, reduction of carbon footprint, waste treatment practices and natural resource conservation. Resimac has teamed up with Carbon Positive Australia to hold fun community tree planting projects. As part of the loan settlements process, our customers have an opportunity to select a community tree planting project they would like to support, and we contribute funds to those projects on their behalf. Under our decade-long partnership with Carbon Conscious, we planted over 46,000 trees, which will offset nearly 5 million kilograms of carbon from the Earth's atmosphere over their lifetime, contributing to a more sustainable environment.



# Governance.

Resimac's governance structure incorporates compliance and risk framework and a three lines of defence model. This ensures we continue to adhere to our regulatory obligations and have appropriate controls in place to mitigate risks that may impact our people, customers and shareholders.



# Social.

The social factors we consider as a business include human rights; workplace health, safety and security; community, and stakeholder relations. Our people are passionate about assisting and supporting the community by way of volunteering and donations. Some of the community initiatives we support are:

- ✓ **Food Ladder** - A global pioneer in the use of environmentally sustainable technologies to create food and economic security for remote communities.
- ✓ **The Station** - A drop-in centre in Sydney that helps adults having difficulty obtaining and sustaining adequate and secure accommodation. The station offers a range of critical services including warm meals, self-care, laundry, medical services and mental health support.
- ✓ **Run Rocket Run** - An initiative focused on mental and physical resilience through endurance running. All funds raised by Run Rocket Run go to support Invictus Australia.
- ✓ **Sanctuary Housing** - Supporting women in crisis accommodation who are escaping domestic violence.

Companies that respect human rights face a lower level of social risk and should be more financially sustainable, which in turn enables them to deliver better long-term returns for their shareholders and investors. Therefore, how we engage with our employees and with the wider community is of the utmost importance.



# Important notice & disclaimer.

The information in this presentation provides an overview of the results for the period ended 31 December 2023. It is general background information about the activities of Resimac Group Ltd ('Resimac') and is current as at the date of the presentation, 27 February 2024. It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes, as it does not take into account your investment objectives, financial position or needs.

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# Our values.



**Respect**



**Opportunity**



**Purposeful**



**Accountability**

ersonal use only

# Thank you.

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**Resimac Group Ltd**

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